

Consensus Statement on the Universal System Benefits Program

Who We Are:

We are a coalition of low-income, consumer and conservation advocates, representing the needs and interests of hundreds of thousands of Montanans. Brought together by common concern for Montana's energy predicament, we seek protection for Montana's people and environment from skyrocketing energy costs and to support sustained investment in clean, affordable and efficient energy options. To that end, we have generated the following principles and recommendations.

Principles:

1) The Universal System Benefits Program (USB) supports the following public purposes:

- *low-income bill assistance**
- *low-income weatherization**
- *conservation**
- *renewable energy**

Each of these categories has enduring value to society, and deserves no less than present or increased levels of funding, both now and in the future. At the same time, opportunities do exist for strengthening the program by incorporating a greater level of parity, consistency, and accountability.

2) Changes to USB policy should only proceed after seeking input and consensus from all interested USB stakeholder groups, including representatives of low-income, consumer, and environmental concerns.

3) There is a large, unmet need for additional low-income assistance. NorthWestern Energy's recent, dramatic rate increases have created an immediate short-term need for more help for low-income households. This includes low-income weatherization, where the need significantly outstrips the resources. It also calls attention to the gross underutilization of federally-supported LIEAP programs in Montana.

4) Montanans should work together to identify practical ways to meet that need, while protecting, maintaining, or expanding existing commitments to energy conservation and renewable energy. These resources are indispensable in the effort to provide stable, predictable, and affordable energy to consumers over the long-term. One approach would be to expand the entire public purpose "pie" through an increase in funds for the low-income slice. This increase should not come at the expense of the other programs.

5) Cost-effective conservation measures are our best long-term option for keeping energy costs down. NorthWestern Energy's system holds enormous untapped potential for conservation savings. The utility's own recent studies reveal that there is up to 130MW of conservation available in NWE's service territory that would be cheaper than buying electricity on the market. We call upon the utility to expedite the acquisition of all possible cost-effective conservation measures.

¹ See page two for definitions of these programs.

Our Recommendations:

The difficulties with gas and electricity costs and supplies that Montana is wrestling with this year will not evaporate with the end of the winter heating season. Deregulation gave control of our electricity resources to unaccountable out-of-state corporations, and with Montana's citizens bearing greater exposure to the volatile gas market, they pay nearly twice as much as they did five years ago for virtually the same energy. By taking measures to enact short term changes, Montana can address the current energy price situation. We urge the task force to also promote long-term solutions that will likely require legislative decision-making. The following are actions that should be taken in the immediate future:

- 1) A petition has already been filed with the PSC by Energy Share and others urging the **segregation and protection of USB funds**. In the event of a bankruptcy filing by NorthWestern, this will help to protect a program that has proven its worth to Montana citizens time and again. We commend the PSC's decision to take action on this petition.
- 2) **Petition Congress for additional emergency bill assistance funds** for the immediate winter heating crisis. Federal funds are available for exactly this sort of situation.
- 3) **Encourage continued support for long-term solutions to high energy costs**. Investments in conservation and renewable resources brings energy costs down for everyone in the long term.
- 4) **Use the \$73 million federal relief dollars first and foremost to restore programs** that help low income Montanans with food and health care. Money for energy bill assistance is available elsewhere, and it is vital that the federal relief dollars, already earmarked for social services, reach those programs.

In the long term, this coalition recognizes that the USB program could be a more efficient tool for providing system benefits to Montana consumers. One area in which greater benefits and more equitable treatment might be obtained is through addressing the treatment of large industrial customers. By statute, these customers pay significantly less into USB than residential or small business customers. They also receive far less direction on how USB monies must be spent, and are not held accountable in any significant manner for their USB expenditures on low-income, conservation or renewable energy. The coalition believes that these large industrial customers should pay their fair share, and that greater oversight and accountability for these customers would greatly bolster the system benefits for all Montanans.

low-income bill assistance - provides critical short-term support which helps low-income consumers pay their monthly energy bills.

low-income weatherization - a free service that provides long-term assistance to low-income customers by reducing their overall energy demand. Weatherization is a resource that meets the twin objectives of low-income assistance and energy conservation.

conservation - energy conservation can be thought of as an energy resource like any other, except it is often both cheaper and cleaner. By capturing energy that is currently going to waste and putting it to productive use (with more efficient appliances or better insulation, for example), you avoid the need to purchase energy supply in the deregulated market.

renewable energy - non-polluting and inexhaustible, renewable energy is the cornerstone to a sustainable and secure energy future. Renewable energy offers numerous economic and environmental benefits. With no fuel costs, prices are stable and predictable. Renewable energy projects avoid not only the "externalized costs" of environmental degradation, but also the potential cost of future environmental regulation (targeted at greenhouse gas emissions, for example). Montana's system would benefit from a greater diversity of resources, and renewables would provide a hedge against volatile fuel costs.

LIEAP - Low Income Energy Assistance Programs are federally supported, state-administered energy cost assistance programs.

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